

Message Text

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PAGE 01 DACCA 05069 140324Z

ACTION AID-31

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FM AMEMBASSY DACCA

TO SECSTATE WASHDC IMMEDIATE 6144

UNCLAS DACCA 5069

C O R R E C T E D C O P Y (TEXT GARBLED PARA 5.)

AIDAC

PASS TO JAMES SLOAN - SER/ENGR

E.O. 11652: N/A

SUBJ: RURAL ROADS STUDY

REF: A) DACCA 4713 B) STATE 203948

1. LOUIS BERGER INTERNATIONAL, INC. WAS NOTIFIED BY BDG FULY 4 TO COMMENCE NEGOTIATION ON SUBJECT HOST COUNTRY CONTRACT. BERGER NEGOTIATOR ARRIVED DACCA AUGUST 8, DEPARTED AUGUST 23. NEGOTIATION NOW BEING HANDLED BY PROJECT MANAGER OF BERGER CONTRACT IN THAILAND.

2. BERGER MAINTAINS THEY ARE LEGALLY BOUND BY ASPR TO CHARGE PROVISIONAL TOTAL OVERHEAD RATE OF 110 PERCENT OF EXPATRIATE SALARY ON U.S. GOVERNMENT FINANCED CONTRACTS. TOTAL OVERHEAD RATE CONSISTS OF 25.8 PERCENT SALARY BURDEN FOR SOCIAL SECURITY, WORKMANS COMP. UNEMPLOYMENT, ETC. AND 84.2 PERCENT FOR CONVENTIONAL COST OF BUSINESS OPERATIONS. ESTIMATE OF HOME OFFICE PAYROLL IS DOLLARS 3,460. FIELD PAYROLL, INCLUDING DIFFERENTIAL, IS DOLS 149,665.

3. THE 25.8 PERCENT SALARY BURDEN APPEARS REASONABLE FOR BASE SALARY BUT NO AGREEMENT YET ON PERCENTAGE TO BE CHARGED ON POST DIFFERENTIAL.

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4. UNDER TERMS PROPOSED SUBJECT CONTRACT ALL COSTS OF RENTING, FURNISHING AND MANAGING FIELD OFFICE, TRAVEL, COMMUNICATIONS, ETC ARE DIRECTLY REIMBURSIBLE TO THE CONTRACTOR. BDG COUNTER PROPOSED SALARY BURDEN 25.8 PERCENT FOR HOME OFFICE AND FIELD PAYROLL, INCLUDING DIFFERENTIAL, IN AGREEMENT WITH BERGER. BDG ALSO AGRESS ON 84.2 PERCENT OVERHEAD ON HOME OFFICE PAYROLL. HOWEVER BDG SUGGESTS 54.2 PER-

CENT FIXED OVERHEAD ON FIELD PAYROLL. USAID IN AGREEMENT WITH BDG.

5. USAID NOT AWARE THAT HOST COUNTRY LEGALLY BOUND TO PAY AUDITED OVERHEAD RATE PER ASPR ON AID FINANCED CONTRACTS. REQUEST CLARIFICATION ON THIS AND WHETHER BERGER OVERHEAD IS SAME FOR HOME OFFICE AND FIELD PAYROLLS

ND NON-NEGOTIABLE PER BERGER CLAIM. FYI. BERGER SAYS THEY WILL AGREE TO PROVISIONAL 102.8 PERCENT TOTAL OVERHEAD THIS CONTRACT PENDING NEXT AUDIT. END FYI.

6. BERGER ALSO CONTENDS THEY HAVE A BEST OFFER AGREEMENT WITH AID IN WHICH AID AGREES TO ALLOW A FEE OF TEN PERCENT OF TOTAL SALARY, OVERHEAD AND BURDEN. REQUEST CLARIFICATION THIS TYPE ARRANGEMENT. FYI. THIS MAY BE APPLICABLE TO CERTAIN IQC'S WHICH OF COURSE WOULD HAVE NO BEARING ON SUBJECT CONTRACT UNDER NEGOTIATION. END FYI.

7. BDG PROPOSED FEE OF 15 PERCENT TOTAL SALARY, APPROXIMATELY DOLLARS

TWENTY THREE THOUSAND. BERGER'S BEST OFFER IS DOLLARS 32,187.

8. ANXIOUS TO FINALIZE CONTRACT WITH BERGER THIS WEEK OR GO TO NEXT SELECTED CONTRACTOR IN LIGHT OF PP TIMING. PLEASE ADVISE ASAP.

MASTERS

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NNN

Message Attributes

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